

**CERTIFICATE OF NEED APPLICATION**

**FLINT HILL CARE AND REHABILITATION CENTER**

**Add 240 SNF Beds**

**Project #4416 NS**

**Submitted to**

**Missouri Health Facilities Review Committee**



Certificate of Need Program

**NEW OR ADDITIONAL LONG TERM CARE BED APPLICATION\***

Applicant's Completeness Checklist and Table of Contents

Project Name Final Hill Care and Rehabilitation Center

No. 4416 NS

Project Description 240 Bed SNF

Done Page N/A Description of CON Rulebook Contents

**Divider I. Application Summary:**

- ☒ 3 ☐ 1. Applicant Identification and Certification (Form MO 580-1861).  
☒ 4 ☐ 2. Representative Registration (Form MO 580-1869).  
☒ 5 ☐ 3. Proposed Project Budget (Form MO 580-1863) and detail sheet.

**Divider II. Proposal Description:**

- ☒ 1 ☐ 1. Provide a complete detailed project description.  
☒ 24 ☐ 2. Provide a legible city or county map showing the exact location of the proposed facility.  
☒ 15 ☐ 3. Provide a site plan for the proposed project.  
☒ 16-17 ☐ 4. Provide preliminary schematic drawings for the proposed project.  
☒ 18 ☐ 5. Provide evidence that architectural plans have been submitted to the DHSS.  
☒ 8 ☐ 6. Provide the proposed gross square footage.  
☒ 14-15 ☐ 7. Document ownership of the project site, or provide an option to purchase.  
☒ 8 ☐ 8. Define the community to be served.  
☒ 10-12, 13, 14 ☐ 9. Provide 2015 population projections for the 15-mile radius service area.  
☒ 15 ☐ 10. Identify specific community problems or unmet needs the proposal would address.  
☒ 13 ☐ 11. Provide historical utilization for each of the past three years and utilization projections through the first three years of operation of the new LTC beds.  
☒ 12-13 ☐ 12. Provide the methods and assumptions used to project utilization.  
☒ 13-14 ☐ 13. Document that consumer needs and preferences have been included in planning this project and describe how consumers had an opportunity to provide input.  
☒ 12 ☐ 14. Provide copies of any petitions, letters of support or opposition received.

**Divider III. Service Specific Criteria and Standards:**

- ☒ 34 ☐ 1. For ICF/SNF beds, address the population-based bed need methodology of fifty-three (53) beds per one thousand (1,000) population age sixty-five (65) and older.  
☐ — ☒ 2. For RCF/ALF beds, address the population-based bed need methodology of twenty-five (25) beds per one thousand (1,000) population age sixty-five (65) and older.  
☒ 34-35 ☐ 3. Document any alternate need methodology used to determine the need for additional beds such as LTCH, Alzheimer's, mental health or other specialty beds.  
☐ — ☒ 4. For any proposed facility which is designed and operated exclusively for persons with acquired human immunodeficiency syndrome (AIDS) provide information to justify the need for the type of beds being proposed.

**Divider IV. Financial Feasibility Review Criteria & Standards:**

- ☒ 38 ☐ 1. Document that the proposed costs per square foot are reasonable when compared to the latest "RS Means Construction Cost data".  
☒ 38, 39 ☐ 2. Document that sufficient financing is available by providing a letter from a financial institution or an auditors statement indicating that sufficient funds are available.  
☒ 40-41 ☐ 3. Provide Service-Specific Revenues and Expenses (Form MO 580-1865) projected through three (3) years beyond project completion.  
☒ 38 ☐ 4. Document how patient charges were derived.  
☒ 38 ☐ 5. Document responsiveness to the needs of the medically indigent.

\* Use for RCF/ALF, ICF/SNF and LTCH beds

## **DIVIDER I**

### **Application Summary**

1. **Applicant Identification and Certification (Form MO 580-1861)**

Attached.

2. **Representative Registration (Form MO 580-1869)**

Attached.

3. **Proposed Project Budget (Form MO 580-1863)**

Attached.



# Certificate of Need Program

## APPLICANT IDENTIFICATION AND CERTIFICATION

(must attach the <b>Letter of Intent</b> for this project, without exception.)			
<b>1. Project Location</b> (attach additional pages as necessary to identify multiple project sites.)			
Title of Project to be Sited Flinn Hill Care and Rehabilitation Center		Project Number 4416	
Project Address (Street/City/State/Zip Code) 5051 R Highway P Flinn Hill, MO 63385		County St. Charles	
<b>2. Applicant Identification</b> (information taken from previously submitted Letter of Intent)			
List All Owner(s): (list corporate entity)		Address (Street/City/State/Zip Code)	
Flinn Hill Associates, LLC		7733 Forsyth Blvd., 4th Floor St. Louis, MO 63105	
		Telephone Number 314-726-6868	
List All Operator(s): (list entity to be licensed or certified)		Address (Street/City/State/Zip Code)	
Flinn Hill Care Center, LLC		7733 Forsyth Blvd., 4th Floor St. Louis, MO 63105	
		Telephone Number 314-726-6868	
<b>3. Ownership</b> (Check applicable category)			
<input type="checkbox"/> Nonprofit Corporation	<input type="checkbox"/> Individual	<input type="checkbox"/> City	<input type="checkbox"/> District
<input type="checkbox"/> Partnership	<input type="checkbox"/> Corporation	<input type="checkbox"/> County	<input checked="" type="checkbox"/> Other: LLC
<b>4. Certification:</b>			
In submitting this project application, the applicant understands that:			
(A) The review will be made as to the community need for the proposed beds or equipment in this application;			
(B) In determining community need, the Missouri Health Facilities Review Committee (Committee) will consider all similar beds or equipment within;			
(C) The issuance of a Certificate of Need (CON) by the Committee depends on conformance with its Rules and CON statute;			
(D) A CON shall be subject to forfeiture for failure to incur an expenditure on any approved project six (6) months after the date of issuance, unless obligated or extended by the Committee for an additional six (6) months;			
(E) Notification will be provided to the CON Program staff if and when the project is abandoned; and			
(F) A CON, if issued, may not be transferred, relocated, or modified except with the consent of the Committee.			
We certify the information and data in this application as accurate to the best of our knowledge and belief by our representative's signature below:			
<b>5. Authorized Contact Person</b> (attach a Contact Person Correction Form if different from the Letter of Intent)			
Name of Contact Person Richard D. Walters		Title Attorney	
Telephone Number 314-621-2939	Fax Number 314-621-6844	E-mail Address rdwalters@lashlybarr.com	
Signature of Representative <i>Richard D. Walters</i>		Date of Signature 2/1/09	



## Certificate of Need Program

## REPRESENTATIVE REGISTRATION

(A registration form must be completed for each project represented)

Project Name Flint Hill Care and Rehabilitation Center		Number 4416
(Please type or print legibly)		
Name of Representative Richard D. Walters		Title Attorney
Firm/Corporation/Association of Representatives (name, full address, location, e.g., law firm, consultant, other) Lashly & Baer, P.C.		Telephone Number 314-621-2939
Address (Street/City/State/Zip Code) 714 Locust Street St. Louis, MO 63101-1699		
What's interests are being represented? (If more than one, submit a separate Representative Registration Form for each.)		
Name of Individual Agency, Corporation/Association being Represented Flint Hill Associates, LLC		Telephone Number 314-726-6868
Address (Street/City/State/Zip Code) 7733 Forsyth Blvd., 4th Floor St. Louis, MO 63105		

Check one, Do you:

☒ Support☐ Oppose☐ Neutral

Other information:

Relationship to Project:

☐ None☐ Employee☒ Legal Counsel☐ Consultant☐ Lobbyist☐ Other (explain):

I attest that to the best of my belief and knowledge the testimony and information presented by me is truthful, represents factual information, and is in compliance with §197.326.1 RSMo which says: Any person who is paid either as part of his normal employment or as a lobbyist to support or oppose any project before the health facilities review committee shall register as a lobbyist pursuant to chapter 105 RSMo, and shall also register with the staff of the health facilities review committee for every project in which such person has an interest and indicate whether such person supports or opposes the named project. The registration shall also include the names and addresses of any person, firm, corporation or association that the person registering represents in relation to the named project. Any person violating the provisions of this subsection shall be subject to the penalties specified in §105.478, RSMo.

Original Signature

Date

9/1/09



# Certificate of Need Program

## PROPOSED PROJECT BUDGET

### Description

### Dollars

#### COSTS:

1. New Construction Costs ***	\$12,637,800
2. Renovation Costs ***	0
3. Subtotal Construction Costs (#1 plus #2)	\$12,637,800
4. Architectural/Engineering Fees	\$551,890
5. Other Equipment (not in construction contract)	1,516,538
6. Major Medical Equipment	0
7. Land Acquisition Costs ***	975,000
8. Consultants' Fees/Legal Fees ***	1,011,624
9. Interest During Construction (net of interest earned) ***	1,023,662
10. Other Costs ****	1,200,338
11. Subtotal Non-Construction Costs (sum of #4 through #10)	\$6,350,450
12. Total Project Development Costs (#3 plus #11)	\$18,998,250

#### FINANCING:

13. Unrestricted Funds	\$1,399,815
14. Bonds	0
15. Loans	17,008,425
16. Other Methods (specify):	0
17. Total Project Financing (sum of #13 through #16)	\$18,998,240

18. New Construction Total Square Footage	100,300
19. New Construction Costs Per Square Foot *****	125
20. Renovated Space Total Square Footage	0
21. Renovated Space Costs Per Square Foot *****	0

\* Attach additional page(s) to provide details of how each line item was determined, including all methods and assumptions used.

\*\* These amounts should be the same.

\*\*\* Capitalizable items to be recognized as capital expenditures after project completion.

\*\*\*\* Include as Other Costs the following: other costs of financing; the value of existing lands, buildings and equipment not previously used for health care services, such as a renovated house converted to residential care, determined by original cost, fair market value, or appraised value; or the fair market value of any leased equipment or building, or the cost of beds to be purchased.

\*\*\*\*\* Divide new construction costs by total new construction square footage.

\*\*\*\*\* Divide renovation costs by total renovation square footage.

## **DIVIDER II**

### **Proposal Description**



## **DIVIDER II. PROPOSAL DESCRIPTION**

### **1. PROVIDE A COMPLETE DETAILED PROJECT DESCRIPTION**

The proposed project consists of a 240-Bed Skilled Nursing Facility (SNF). It will contain a total of 100,300 sq. ft. on a site of nearly 13 acres of ground in Flint Hill, Missouri.

The construction of the Facility will be done in two (2) Phases. Phase I will start the construction process in 2011 and continue into early 2013. This Phase will consist of 62,500 square feet and contain 150 SNF Beds. In this Phase, there will be a 60 bed unit dedicated to the needs of the residents with Alzheimer's Disease and other related dementia and memory loss conditions. Also, there will be a 30-bed unit dedicated to the short term rehabilitation of residents who have been discharged from an acute care hospital for further rehabilitation and therapy.

Phase II will start construction early in 2013, contain a total of 37,800 square feet and open in March 2014 with a 90-Bed SNF unit designed and dedicated to the needs of adults approaching the age of 65 who are dealing with similar issues as the more elderly population as well as with more extensive orthopedic injuries or degenerative conditions. This unit will provide these individuals the needed access to rehabilitative therapies and stabilization in their lives that will allow them to regain a desired independence. The Phase II construction will have a separate entrance and amenities that are purposely designed for the unique needs of a unique generation, including many private rooms and areas, therapy pool, true exercise facilities with a greater emphasis on electronic innovations with the extended use of computers and related equipment.

### **2. PROVIDE A LEGIBLE CITY OR COUNTY MAP SHOWING THE EXACT LOCATION OF THE PROPOSED FACILITY.**

The service areas map is included in this Divider. The proposed SNF will be located in the city limits of Flint Hill, MO on a total acreage of 12.6 acres +/- . The proposed site is conveniently located just ½ mile east of State Hwy 40/61 on Highway P, which is only 4 miles from the major confluence of Interstate 64 and Interstate 70.

### **3. PROVIDE A SITE PLAN FOR THE PROPOSED PROJECT.**

A copy of the site plan is included in this Divider.

### **4. PROVIDE PRELIMINARY SCHEMATIC DRAWINGS FOR THE PROJECT.**

A copy of the preliminary schematics for the proposed project is included in this Divider.

### **5. PROVIDE EVIDENCE THAT ARCHITECTURAL PLANS HAVE BEEN SUBMITTED TO THE DHSS**

The architectural plans for the proposed SNF were submitted to DHSS and a copy of DHSS' response is included in this Divider.

**6. PROVIDE THE PROPOSED GROSS SQUARE FOOTAGE.**

The proposed SNF will contain 100,300 square feet

**7. DOCUMENT OWNERSHIP OF THE PROJECT SITE, OR PROVIDE AN OPTION TO PURCHASE.**

A copy of the purchase agreement for the proposed site is included in this Divider.

**8. DEFINE THE COMMUNITY TO BE SERVED.**

The proposed facility will provide skilled nursing services and rehabilitation services to the population of 65+ year old adults in need of care that can not be met appropriately through home health agencies, or by assisted living facilities or residential care facilities. It is anticipated that the target population will most effectively benefit from a facility that offers 24 hour skilled nursing services and rehabilitation services. There are three significant trends that require increased availability of SNF beds: (1) the dramatic increase in those over 65; (2) the dramatic increase in adults with Alzheimers and related diseases; and (3) the increase in hospital discharges direct to SNFs.

**A. The Dramatic Increase in Population Over 65.**

Data provided by the Medicare Payment Advisory Commission (MEDPAC) indicates that enrollment in the Medicare Program is projected to rise in the next several years and to accelerate fastest between the years 2010 and 2030

According to the AARP International, by 2011 the oldest of the baby boomers will start turning 65 years of age. The baby boomer bulge will continue increasing the senior population year after year growing to 1 in every 5 residents by 2030.

The US Dept. of Health and Human Services has projected that the 65+ population will have increased by 44% in just 20 years from the turn of the century.

**In the three (3) counties, St. Charles, Lincoln and Warren, all partially contained within the 15 mile radius area around Flint Hill, MO., the site of the proposed project, the State of Missouri projects that there will be a 73% increase in the 65+ population between 2005 and 2015.**

**B The Increasing Need for Alzheimers and Related Disease Care.**

The proposed facility will include a dedicated unit to accommodate the needs of those people with Alzheimer's Disease and other forms of dementia and memory loss. It is well documented that there is a vital need for facilities that are dedicated to the care of

dementia and memory impairment. The Alzheimer's Association provides statistics and data that support the extreme prevalence of the disease and the expected continued growth of this and other related illnesses.

The AARP reports that there are at least 500,000 Americans who are under the age of 65 and have Alzheimer's Disease or related dementia.

As noted by the AARP, "the number of Americans with Alzheimer's Disease is increasing each year because of the steady growth of the older population. Between 2000-2025, the Midwest is expected to experience 30-50% increase in the number of people with Alzheimer's"

Table J  
Tri-County  
Alzheimer's Disease Prevalence

Age	Population		Prevalence Rate	Prevalence	
	2009	2015		2009	2015
65+	46,946	72,757	13%	6,102	9,458

Table J indicates that there are currently estimated to be more than 6,000 individuals within the tri-county area that are over the age of 65 and suffer from Alzheimer's Disease. By 2015, the total number of these residents in this area is projected to increase to 9,458, a dramatic increase, and nearly 1 in every 8 persons. These numbers do not include those under 65 with Alzheimer's and related diseases.

#### C. The Increase in Hospital Discharges Direct to SNFs.

MEDPAC data indicate a stable and increasing trend in the Medicare SNF admissions direct from acute care hospitals at slightly higher than 13%. This trend is likely to continue to rise given the commensurate rate of anticipated participants in the program as well as cost effective advantages of free standing SNF facilities as compared to other providers and practices.

The Missouri Information for Community Assessment (MICA) data indicates that on average, between 2004 and 2007, the population of 65+ people living in St. Charles County that were discharged from an acute care hospital numbered 3,868 per 10,000 residents in this age group. In 2007, approximately 12,800 Medicare hospital discharges occurred in the St. Charles County service area for this population group. If 13% of these discharges are admitted to Medicare participating SNF facilities, utilizing the aforementioned MEDPAC data, there would be a total number of 1,664 Medicare patients discharged to a Skilled Nursing Facility following an acute care hospital discharge in 2007.

If these same assumptions are carried forward to 2015, a total of 3,520 Medicare hospital patients will be discharged to a participating Skilled Nursing Facility setting in 2015.

**Table 2**  
**Tri-County**  
**65+ Population**  
**Projected SNF Admissions**

	<b>2015</b>
Age 65+ Population	72,757
Medicare Hospital Discharges	27,076
SNF Admissions	3,520

As Table 2 indicates, by 2015 the need for Skilled Nursing Facility placements for residents that are discharged from an acute care hospital will rise by 60% to over 3,500 people in the tri-county area.

**9. PROVIDE 2015 POPULATION PROJECTIONS FOR THE 15-MILE RADIUS SERVICE AREA.**

The 2015 population projections for the 15 mile radius service area by zip code have not yet been released by the Department of Health and Senior Services, Section of Public Health Practice and Administrative Support. County-wide data by age group is available from the Missouri Census Data Center (MCDC) and the Missouri Office of Administration, and these projection numbers are attached.

Attached is the 15 mile radius as determined by DHSS and the 65+ population by zip code shown in the radius for 2010. Also attached is a list of significant cities in those zip codes. Applying CON methodology (eyeballing the zip codes to determine which portion of each is within the radius and excluding entire cities outside of area) the applicant calculated the 2010 65+ population within the 15 mile radius as 31,510 people. This calculation is attached.

To determine this same figure for 2015 is not as easy because zip code data is not yet available for 2015. Therefore, using the MCDC data, the applicant determined the ratio of 65+ population within the 15 mile radius zip codes as compared to total 65+ population of the three counties of which the zip codes are a part for 2010 and then applied that same ratio to 2015 population data.

The attached MCDC data shows that the total tri-county 65+ population for 2010 is 55,730 calculated as follows:

	St. Charles 2010	Lincoln 2010	Warren 2010	Total
65-69	13,696	2,047	1,643	
70-74	10,161	1,426	1,330	
75-79	8,284	1,153	887	
80-84	7,192	804	499	
85+	5,449	773	386	
	<u>44,782</u>	<u>6,203</u>	<u>4,745</u>	<u>55,730</u>

Comparing the 15 mile radius 65+ population of 31,510 to the tri-county 65+ population shows that the relevant zip codes represent 56.5% of the tri-county 65+ population ( $31,510/55,730 = .565$ ).

The MCDCC data shows the 65+ population for the tri-county area in 2015 will be:

	St. Charles 2015	Lincoln 2015	Warren 2015	Total
65-69	18,143	2,418	2,009	
70-74	14,049	1,984	1,625	
75-79	10,339	1,301	1,124	
80-85	8,786	966	623	
85+	8,055	902	433	
	<u>59,372</u>	<u>7,571</u>	<u>5,814</u>	<u>72,757</u>

Applying the same ratio as 2010 to the 2015 tri-county 65+ population results in 41,108 people 65+ within the 15 mile radius in 2015 ( $72,757 \times .565 = 41,108$ ).

The following chart shows the astonishing growth in the tri-county area for both the general population and the 65+ population and the growth in the 15 mile radius for the 65+ population.

	2005	2010	2015	% increase
Tri-County total population	400,390	452,994	504,222	25.9%
65+ population	42,168	55,730	72,757	72.5%
15 mile radius 65+	--	31,510	41,108	30.5%

In the 10 year period 2005-2015, the total population of the three counties is expected to increase by 26%, but during that same period, the 65+ population increases at three times that rate or 73%. For just the five year period between 2010 and 2015, the 65+ population within the 15 mile radius is expected to increase 30%. It is this quickly

growing 65+ population that Missouri needs to plan and build for now so there will be sufficient beds in 2015.

**10. IDENTIFY SPECIFIC COMMUNITY PROBLEMS OR UNMET NEEDS THE PROPOSAL WOULD ADDRESS.**

According to the population estimates indicated by the Missouri Census Data Center, and utilizing the CON Program methodology for making appropriate adjustments to the projections within the 15 mile service area, **there will be a need for 2,179 SNF Beds in 2015.** With the current inventory of 1,350 SNF licensed and CON approved beds as of August 2009 in the service area, there will be a **2015 deficit of 829 beds.**

Also, this proposed project will provide a unique and specialized environment for those individuals diagnosed with Alzheimer's Disease and other related forms of dementia and memory impairment. These dedicated memory units are proven most effective in enhancing behavior management relative to this cause.

Further, this proposed project will offer short term rehabilitation services for Medicare and other patients immediately following their acute care hospitalization. The immediate and accessible availability of Medicare beds will assist in the time sensitive recovery and recuperation of these patients and help reduce the potentially unnecessary and costly inpatient hospital stay.

It is also anticipated that the Phase II development of this project will provide services dedicated to a younger age group which has had a sudden change to their lifestyle as a result of an accident or some other traumatic event.

**11. PROVIDE HISTORICAL UTILIZATION FOR EACH OF THE PAST THREE YEARS AND UTILIZATION PROJECTIONS THROUGH THE FIRST THREE YEARS OF OPERATION OF THE NEW LTC BEDS.**

The proposed facility will provide 16,771 days of patient care in the first year (2013-2014) of operations. This is an occupancy rate of 65% of the Phase I 150 Beds. The SNF will operate at a 95% occupancy level in year 2 (2014-2015) providing 51,830 total patient care days. It is anticipated that the proposed Phase II 90 Bed unit will be completed within 1 year of the completion of Phase I and be open in 2014. It is further anticipated that the Phase II occupancy levels will reach full capacity in the first year of operation. This will reach a 95% occupancy level with 68,717 patient days of care in the year 2015.

**12. PROVIDE THE METHODS AND ASSUMPTIONS USED TO PROJECT UTILIZATION.**

The utilization projections are based upon several key factors. One is to meet the unmet demand for SNF beds in the proposed service area in the next few years.

Second is to address the significant growth in the projected 65+ age population within this proposed 15 mile radius service area and beyond these boundaries. There will be a greater demand for licensed beds in long term care and especially those which have dedicated units to assist and care for the growing population of individuals with Alzheimer's Disease and other related forms of dementia and memory impairment. In addition, the availability of Medicare rehabilitation beds for short term stays and the anticipated beds dedicated for the younger adult dealing with some form of life altering trauma is especially needed. These projections are also based on the experience of the facility operator.

**13. DOCUMENT THAT CONSUMER NEEDS AND PREFERENCES HAVE BEEN INCLUDED IN PLANNING THIS PROJECT AND DESCRIBE HOW CONSUMERS HAD AN OPPORTUNITY TO PROVIDE INPUT.**

Representatives of Flint Hill Associates, LLC have met with local government officials as well as local businesses and residents regarding the proposed project to inform them of the planned development and to seek their input.

A public notice was published on September 2, 2009 in the local newspapers circulated in Flint Hill, Wentzville and St Charles informing readers of the project and requesting comments. The text of this notice is included in this Divider.

**14. PROVIDE COPIES OF ANY PETITIONS, LETTERS OF SUPPORT OR OPPOSITION RECEIVED.**

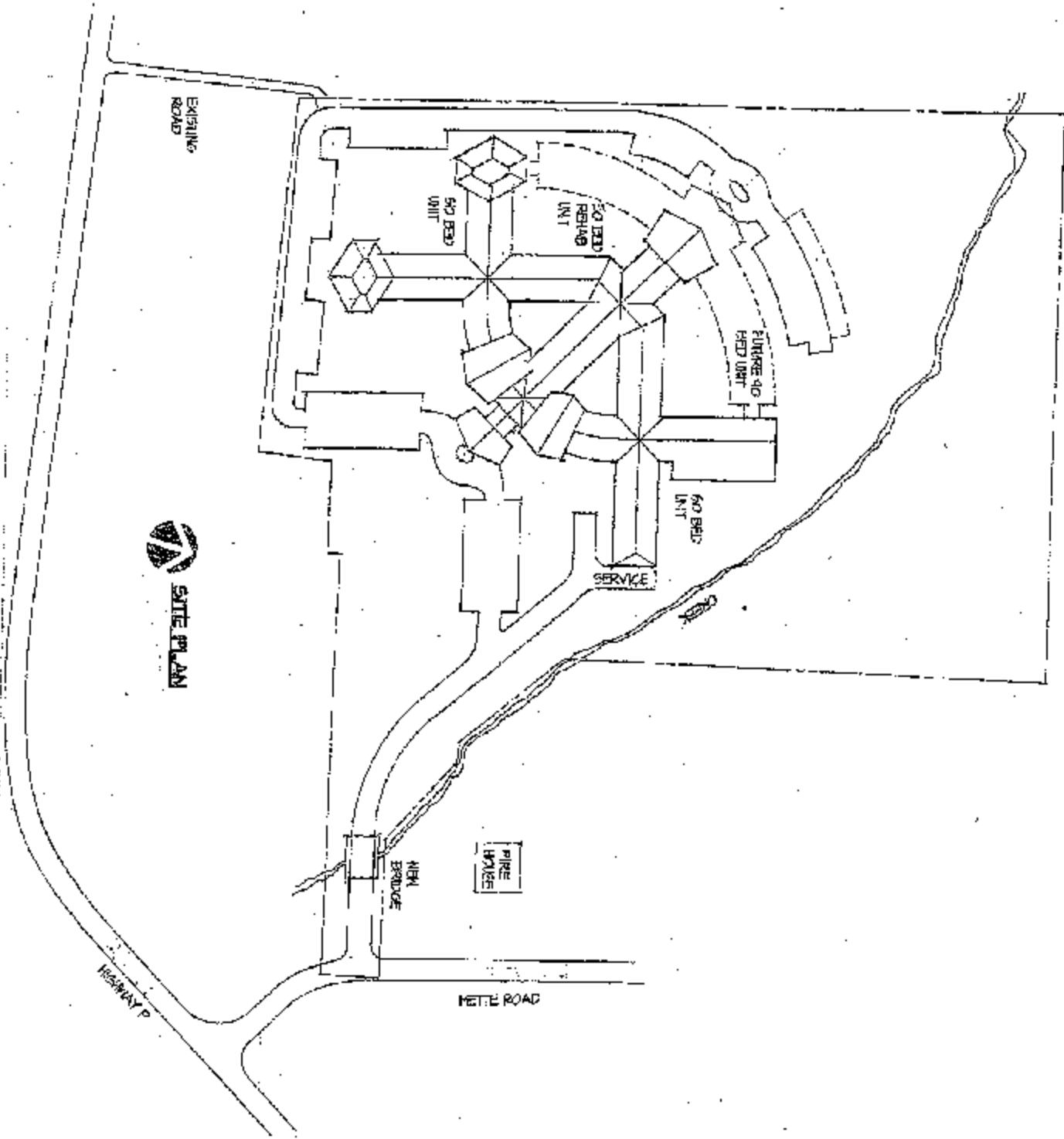
The letters of support will be submitted as they are received.

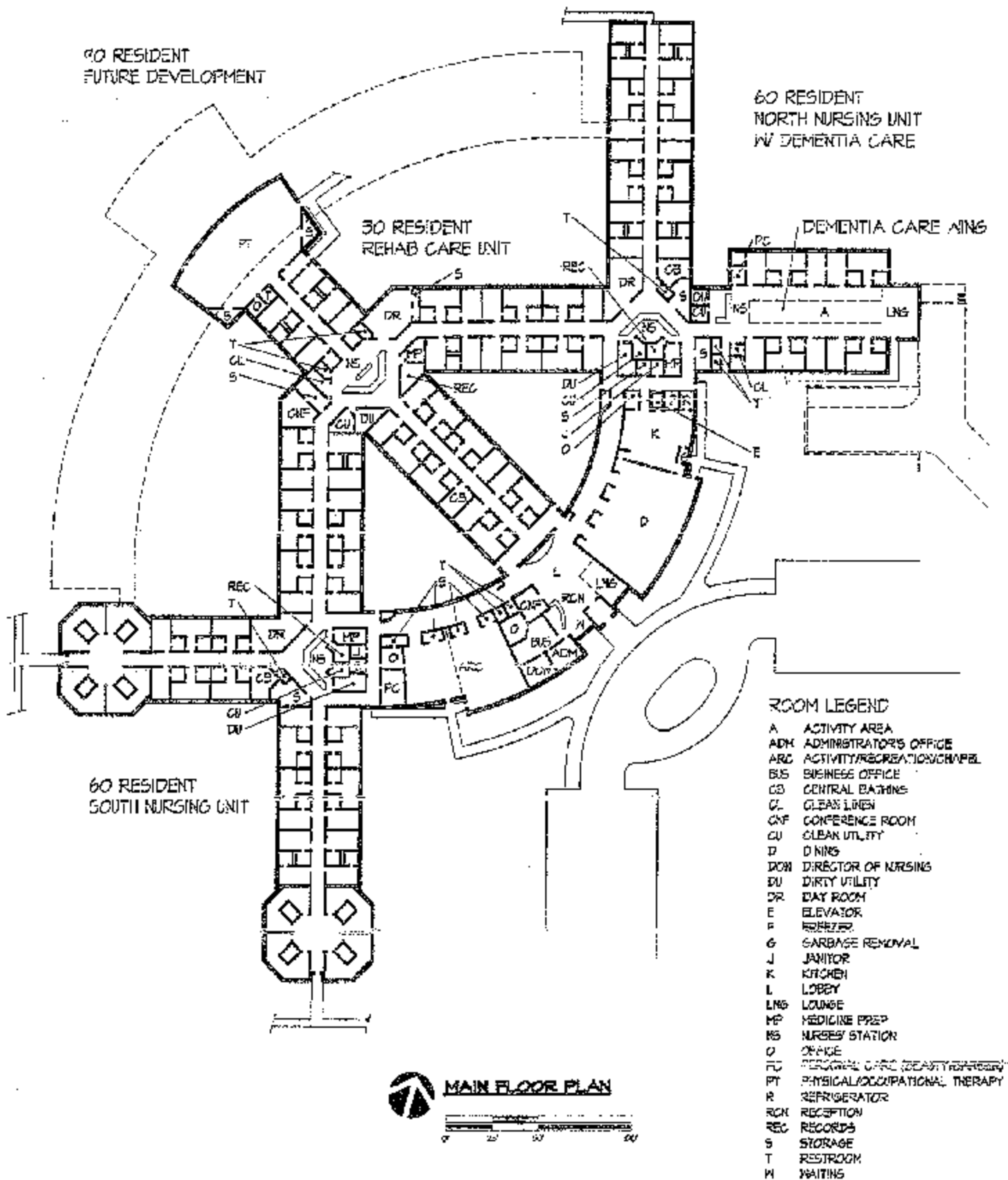
Google maps Address



5051R Highway P, Flint Hill, MO 63385  
Flint Hill, MO | 63385

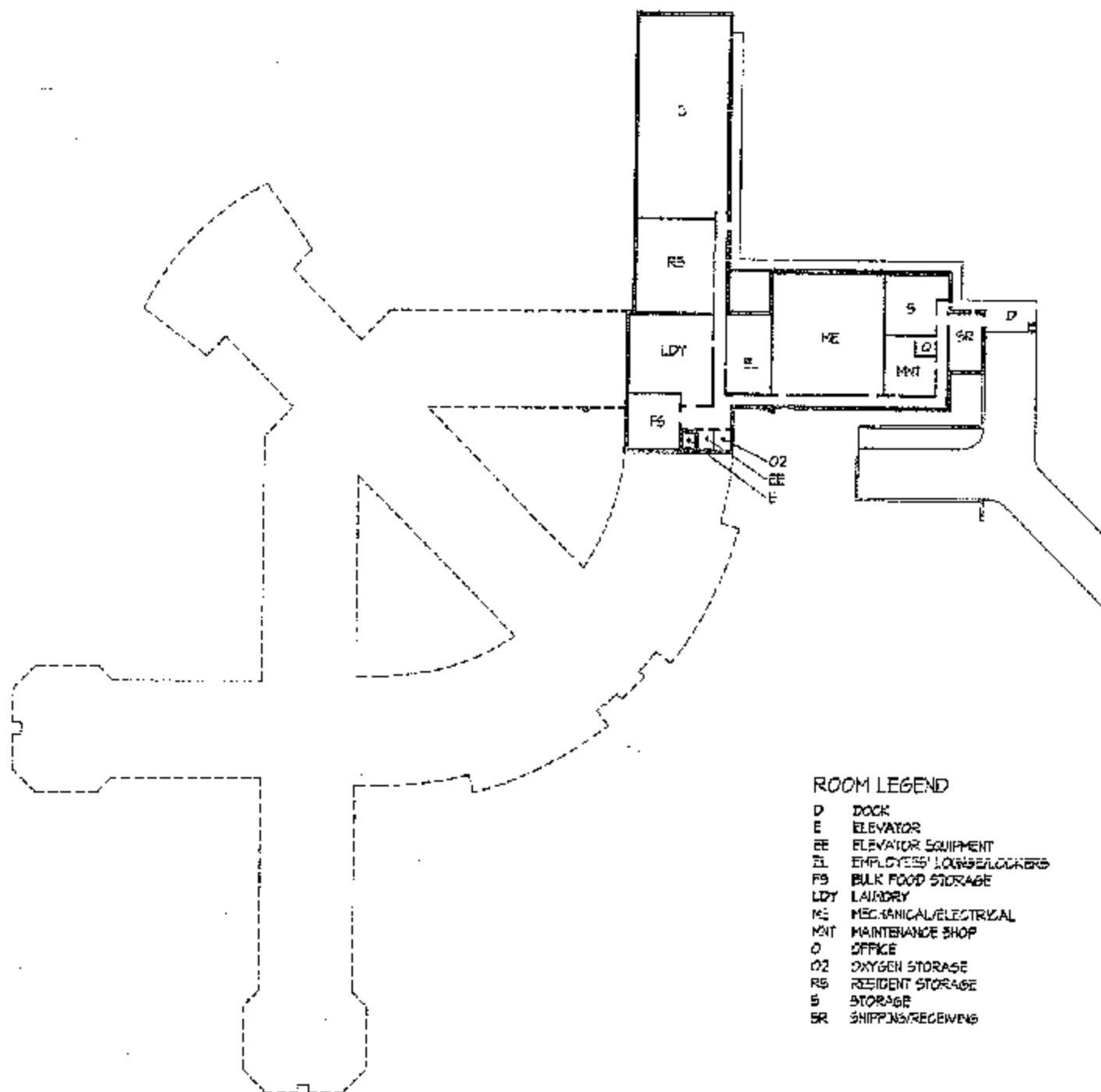






**FLINT HILL ASSOCIATES, LLC**  
FLINT HILL MISSOURI

**DEAFF**  
PARTNERSHIP

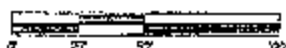


# ROOM LEGEND

D	DOCK
E	ELEVATOR
EE	ELEVATOR EQUIPMENT
EL	EMPLOYEE'S LOUNGE/LOCKERS
FS	BULK FOOD STORAGE
LDY	LAUNDRY
ME	MECHANICAL/ELECTRICAL
MNT	MAINTENANCE SHOP
O	OFFICE
O2	OXYGEN STORAGE
RS	RESIDENT STORAGE
S	STORAGE
SR	SHIPPING/RECEIVING



**BASMENT PLAN**



**FLINT HILL ASSOCIATES, LLC**  
FLINT HILL MISSOURI

**DEAFF**  
PARTNERSHIP



## Missouri Department of Health and Senior Services

P.O. Box 570, Jefferson City, MO 65102-0570 Phone: 573-751-6400 FAX: 573-751-6010  
 RELAY (T)SSOURI for Hearing and Speech Impaired 1-800-735-2882 VOICE 1-800-735-2466

Margaret T. Donnelly  
 Director



James W. (Jay) Nixon  
 Governor

September 1, 2009

FAX: 636-236-0525

John Pfaff  
 Pfaff Partnership  
 120 S. Weidman Road  
 Ballwin, MO 63021

RE: Proposed 240-Bed  
 Flint Hill Association Nursing Home  
 Flint Hill, MO  
 NH-2278

Dear Mr. Pfaff:

Preliminary plans for this proposed facility were reviewed in this office on September 1, 2009.

The following recommendation should be considered as final plans are developed:

1. Verify that this facility is equipped with a complete quick response sprinkler system and that it complies with other requirements of the 2030 Life Safety Code.
2. Working drawings must be submitted for our review when they are developed.

Please feel free to contact this office if you have questions on our requirements.

Sincerely,

Wesley E. Scott, P.E.  
 Engineering Consultant

C: Mary Collier, Region 7

[www.dhs.mo.gov](http://www.dhs.mo.gov)

Healthy Missourians for Life.

The Missouri Department of Health and Senior Services will be the leader in promoting, protecting and partnering for health.

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER: Services provided on a nondiscriminatory basis.

TOTAL P.01

## OPTION CONTRACT

St. Charles County, Mo., August 08, 2009

A. For and in consideration of the sum of Ten Dollars and No/100 (\$10.00), paid to Wentzville Park Associates, L.L.P., a Missouri limited liability partnership ("Owner"), Owner hereby grants to Flint Hill Associates, LLC ("Purchaser"), a Missouri limited liability company, an option to purchase real property located at the address of 5051 R Highway P, Flint Hill, Missouri, more particularly described in Exhibit A, attached hereto and incorporated herein by this reference (the "Property").

B. The total sale price for the Property is Seven Hundred Twenty Five Thousand Dollars and No/100 (\$725,000.00) (the "Sale Price").

C. The option to purchase granted herein and expires at 6:00 p.m. on December 31, 2009 ("Option Expiration Date"); provided, however, that Purchaser may extend the Option Expiration Date as set forth hereafter. The option to purchase under this Option Contract shall expire on the Option Expiration Date (as extended, if extended), unless the Purchaser gives written notice to the Owner on or prior to 6:00 p.m. on the Option Expiration Date (as extended, if extended) electing to exercise the option to purchase under this Option Contract.

D. Purchaser may extend the Option Expiration Date to March 31, 2010, by delivering written notice of its election to extend the Option Expiration Date to the Owner, prior to the Option Expiration Date.

E. This option and the Purchaser's rights hereunder are conditioned and contingent upon Missouri Health Facilities Review Committee granting the Purchaser's request for a Certificate of Need #4416NS. If Purchaser's request is denied, then this Option is terminated and of no further force and effect.

F. If Purchaser timely exercises the option to purchase the Property, the sale shall be closed no later than thirty (30) days after the date of the Purchaser delivers written notice to the Owner that it is electing to exercise its option to purchase the Property. Closing shall be in accordance with the attached "Sale Conditions and Closing Practices", which terms and provisions are incorporated herein by this reference. All prior payments made to the Owner by the Purchaser under this Option Contract shall be credited against the Sale Price at closing. The Owner will deliver possession of the Property to the Purchaser by deed to the Purchaser or its assignee.

G. If the Purchaser does not exercise its option to purchase the Property as provided for herein, all payments previously made to the Owner under this Option Contract shall be forfeited by the Purchaser and retained by the Owner.

*[remainder of page left blank intentionally]  
[signature page follows]*

Owner:

Wentzville Park Associates, L.L.P.,  
a Missouri limited liability partnership

By: 

Thomas O. Daake, Managing Partner

Purchaser:

Mint Hill Associates, LLC,  
a Missouri limited liability company

By: 

Thomas G. Daake, Manager

## SALE CONDITIONS AND CLOSING PRACTICES

1. The sale shall be closed at the title company selected by the Purchaser. If the Purchaser refuses to close on the purchase of the Property within the time required by the Option Contract, the Purchaser shall forfeit all payments previously paid to the Owner under the Option Contract, as liquidated damages. The Owner and the Purchaser agree that the amount provided as liquidated damages is a fair and reasonable approximation of the Owner's actual damages in the event of Purchaser's default hereunder. Forfeiture of option payment(s) shall be the Owner's sole and exclusive remedy hereunder, and Owner shall not be entitled to any other remedy or damages, in the event of Purchaser default hereunder.

2. Rents and general taxes (based on latest available assessment and rate), and assessments are to be prorated as of the date of closing, on the basis of 30 days to the month, with the charges for the day of closing to be allocated to the Owner. The Purchaser shall pay the cost of recording the deed conveying title to the Property to it and the Owner shall pay the recording fees, if any, to release any deeds of trust encumbering the Property.

3. The Owner shall deliver a special warranty deed, subject to deed restrictions, easements, rights-of-way of record, leases and zoning regulations, existing as of the date the Option Contract is accepted by the Purchaser. All personal property and fixtures included in this sale are guaranteed by Seller to be paid for in full.

4. Title to the Property shall be merchantable, and insurable (by Standard ALTA Owner's policy of title insurance) without exception, except for: general real estate taxes for year in which sale is closed (to be prorated to closing and re-prorated when final tax bills for such year are issued); deed restrictions, easements, and rights-of-way of record as of the date the Option Contract is accepted by the Purchaser, and zoning regulations. Purchaser's obligation to close on the purchase of the Property is subject to availability of such owner's policy concurrently with closing. The Purchaser shall pay the owner's policy premium.

5. If improvements or additions have been completed within six (6) months prior to closing date, the Owner shall furnish the title company and the Purchaser with reasonable security against mechanics' liens or satisfactory evidence of payment of bills in connection therewith.

6. The Owner warrants and represents to the Purchaser (which warranty and representation shall survive the closing hereunder and any termination of the Option Contract) that it has no knowledge of the presence on or under the Property of any hazardous materials or other adverse environmental conditions. Except as otherwise expressly stated herein, the Owner makes no representations or warranties as to the condition of the Property and the Purchaser shall accept the Property in its "as-is, where-is" condition. The Owner represents and warrants that it has not received any written notification from any governmental agency requiring any repairs, replacements, or alterations to the Property which have not been satisfactorily made.

7. If the Property is destroyed or damaged by fire, windstorm or otherwise prior to closing, the Purchaser shall have option of canceling or enforcing Option Contract. If the Purchaser chooses to proceed to closing, the Purchaser shall be entitled to any insurance proceeds paid as a result of such casualty. If the Purchaser chooses to cancel the Option Contract, the amounts paid to the Owner under the Option Contract shall be returned to the Purchaser. The Owner assumes the risk of such damage or destruction to the Property.

8. The Option Contract may be assigned by the Purchaser. In addition, the Purchaser may direct conveyance of the Property to a third-party designee of the Purchaser by giving the Owner notice thereof prior to closing. This Option Contracts shall successors and assigns of the parties hereto.

9. The Owner shall deliver actual unrestricted possess of the Property to the Purchaser at closing, subject to no outstanding right of possession or occupancy of any person or leases.

10. **Notices.** Notices given hereunder shall be valid, if in writing, and if delivered by personal delivery, or by nationally recognized overnight delivery service, or by United States Certified Mail, postage prepaid or by confirmed facsimile transmission (so long as notice is also given on the same date by one of the other methods of giving notice), In case of Purchaser to Purchaser at: the Purchaser's address as follows: 401 Mar Le Drive, Wentzville, MO 63385, with a copy to: Carl C. Lang, Esq., Attorney for Purchaser, Rosenblum, Goldenhersh, Silverstein & Zafft, P.C. at 7733 Forsyth Blvd., 4th Floor, St. Louis, MO. 63105; and In case of Seller to Seller at: 401 Mar Le Drive, Wentzville, MO 63385; or at such other address as any party hereto entitled to notice may register with the other party by like notice. Notices given by overnight delivery service shall be deemed given on the date of delivery to the delivery service. Mailed notices, properly addressed with postage prepaid shall be deemed given on the date of deposit in the U.S. Mail, if mailed in the manner above provided. Notices given by personal delivery shall be deemed received on the date actually received or on the date refused. Notices given by confirmed facsimile transmission shall be deemed given on the date of transmission, as evidenced by the confirmation sheet. Notices given in behalf of a party by its attorney shall be effective for and in behalf of such party, and shall be binding upon such party. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

11. **Miscellaneous.** Time is of the essence in the performance of the obligations required by this Option Contract; provided that, if the date for performance of any act required hereunder falls on a Saturday, Sunday or Legal Holiday, then the time for performance of such act shall be deemed extended to the next succeeding regular business day. In the event that either party hereto commences any legal proceedings to enforce this Option Contract, the prevailing party shall be entitled to recover the costs of its attorney's fees, costs and expenses incurred in connection with such legal proceedings. This Option Contract may be amended only by a written agreement executed by all of the parties hereto. This Option Contract may be executed in one or more counterparts, all of which shall constitute one and the same agreement. The Option Contract, and any amendment to the Contract, may be executed via facsimile, and the parties agree that facsimile execution hereof shall be fully binding and effective. This Option Contract shall be governed by and construed in accordance with the laws of the State of Missouri, as having been jointly drafted by the parties. The terms and provisions set forth in this Option Contract constitute the entire agreement between the Owner and the Purchaser regarding the sale and purchase of the Property and no other agreements, representations or warranties, oral or otherwise, shall be effective or binding upon the parties hereto.



## Exhibit A

### Legal Description of the Property

#### PARCEL NO. 1:

A tract of land being part of U.S. Survey 737, Township 47 North, Range 1 East and part of Frac., Section 1, Township 47 North, Range 1 East, and described as follows: Beginning at an old iron rod at the Southeast corner of said Frac. Section 1; thence South 72 degrees 00' West 113.48 feet; thence South 14 degrees 03' East 12.00 feet; thence South 72 degrees 00' West 100.00 feet; thence South 14 degrees 03' East 96.06 feet; thence South 77 degrees 00' West 390.00 feet; thence North 18 degrees 16' West 844.50 feet to the North line of said Frac. Section 1; thence North 71 degrees 37' 30" East 628.67 feet to the Northeast corner of said Frac. Section 1; thence South 16 degrees 30' 30" East 785.88 feet to the place of beginning.

#### PARCEL NO. 2:

A tract of land being part of U.S. Survey 935; Township 47 North, Range 1 East, St. Charles County, Missouri, and being more particularly described as follows: Beginning at an old iron pipe marking the Southwest corner of U.S. Survey 935; Township 47 North, Range 1 East, St. Charles County; thence along the Western line of said U.S. Survey 935, North 17 degrees 29' 04" West 250.03 feet to an iron pipe; thence departing from said U.S. Survey line along the Western bank of a creek, South 59 degrees 39' 05" East, 147.61 feet to an iron pipe; thence North 75 degrees 23' 30" East, 22.18 feet to an iron pipe; thence South 67 degrees 40' East 109.12 feet to an iron pipe; thence South 41 degrees 07' east, 71.42 feet to an iron pipe on the Southern line of said U.S. Survey 935; thence departing from said creek along said Southern U.S. Survey line, South 71 degrees 29' West, 233.72 feet to the point of beginning.

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# **Population Projections by Age** **Missouri Counties: 2000 through 2030**

County	Age	Year						
		2000	2005	2010	2015	2020	2025	2030
St. Charles	0-4	21,662	23,394	24,744	27,825	31,119	32,685	32,675
St. Charles	5-9	23,203	24,363	25,913	26,036	29,836	32,967	34,197
St. Charles	10-14	33,913	25,140	25,983	27,139	27,754	30,133	33,115
St. Charles	15-19	20,961	24,614	25,468	25,801	26,504	26,734	28,830
St. Charles	20-24	15,702	21,814	25,190	25,566	25,505	25,827	25,712
St. Charles	25-29	17,776	19,033	26,077	29,641	29,661	29,138	29,798
St. Charles	30-34	21,892	21,495	22,695	20,396	24,297	33,963	33,063
St. Charles	35-39	26,937	24,360	23,558	24,519	32,414	35,883	33,059
St. Charles	40-44	25,816	20,618	25,473	24,178	24,684	32,315	35,311
St. Charles	45-49	20,659	26,030	29,045	25,375	23,696	24,851	30,844
St. Charles	50-54	17,599	21,236	26,094	28,542	24,544	22,613	29,490
St. Charles	55-59	13,160	17,798	21,181	26,125	27,597	23,441	21,573
St. Charles	60-64	9,510	13,567	17,876	20,992	23,556	26,724	32,559
St. Charles	65-69	7,824	9,832	13,696	18,143	21,140	23,577	26,659
St. Charles	70-74	6,627	3,121	10,161	14,049	18,524	21,533	25,983
St. Charles	75-79	4,945	6,791	3,384	10,539	14,373	18,335	21,953
St. Charles	80-84	3,073	5,212	3,192	8,786	11,032	13,331	20,441
St. Charles	85+	2,377	3,411	5,149	8,053	10,842	13,262	19,559
St. Charles	Total	383,894	528,235	364,607	402,819	439,068	472,104	499,126

## **Components of Change - Total Over the Previous Five Years**

St. Charles	Births	St. Charles	Deaths	St. Charles	Net Migration
	20,460		8,405		28,878
	22,374		10,835		27,833
	25,584		13,441		25,769
	29,058		16,027		25,526
	31,877		18,881		21,440
	34,228		21,426		18,220

# Population Projections by Age Missouri Counties: 2000 through 2030

County	Age	Year						
		2000	2005	2010	2015	2020	2025	2030
Lincoln	0-1	2,850	3,430	4,290	5,230	6,080	6,726	6,775
Lincoln	2-9	3,728	3,540	4,188	5,004	6,077	6,937	7,166
Lincoln	10-14	3,538	3,953	4,155	4,768	5,857	6,632	7,490
Lincoln	15-19	3,032	3,871	4,311	4,570	4,870	5,480	6,667
Lincoln	20-24	2,101	3,170	3,010	4,304	4,240	4,638	5,226
Lincoln	25-29	2,150	2,594	3,881	4,758	4,987	4,831	5,223
Lincoln	30-34	2,780	2,789	3,328	4,830	5,784	5,961	5,713
Lincoln	35-39	3,180	3,354	3,364	3,808	5,505	6,481	6,496
Lincoln	40-44	3,161	4,082	3,901	3,782	4,264	5,932	6,896
Lincoln	45-49	2,676	3,820	4,598	4,250	4,024	3,417	6,108
Lincoln	50-54	2,159	3,978	4,254	4,907	4,423	3,106	4,490
Lincoln	55-59	1,936	2,580	3,204	3,500	4,993	5,419	1,061
Lincoln	60-64	1,405	2,067	2,337	3,235	4,442	4,850	4,263
Lincoln	65-69	1,242	1,435	2,017	2,418	3,149	4,125	4,621
Lincoln	70-74	1,017	1,234	1,426	1,954	2,306	2,925	3,920
Lincoln	75-79	829	945	1,153	1,301	1,788	2,007	2,674
Lincoln	80-84	574	509	804	966	1,071	1,580	1,719
Lincoln	85+	553	534	773	902	1,063	1,226	1,561
Lincoln	Total	48,944	46,849	56,810	65,293	74,529	83,294	91,294

## Components of Change - Total Over the Previous Five Years

Lincoln	Births	2,763	3,433	4,401	5,245	5,711	5,990
Lincoln	Deaths	1,500	1,868	2,126	2,307	2,607	2,957
Lincoln	Net Migration	963	2,566	7,007	6,305	5,721	1,958

# Population Projections by Age Missouri Counties: 2000 through 2030

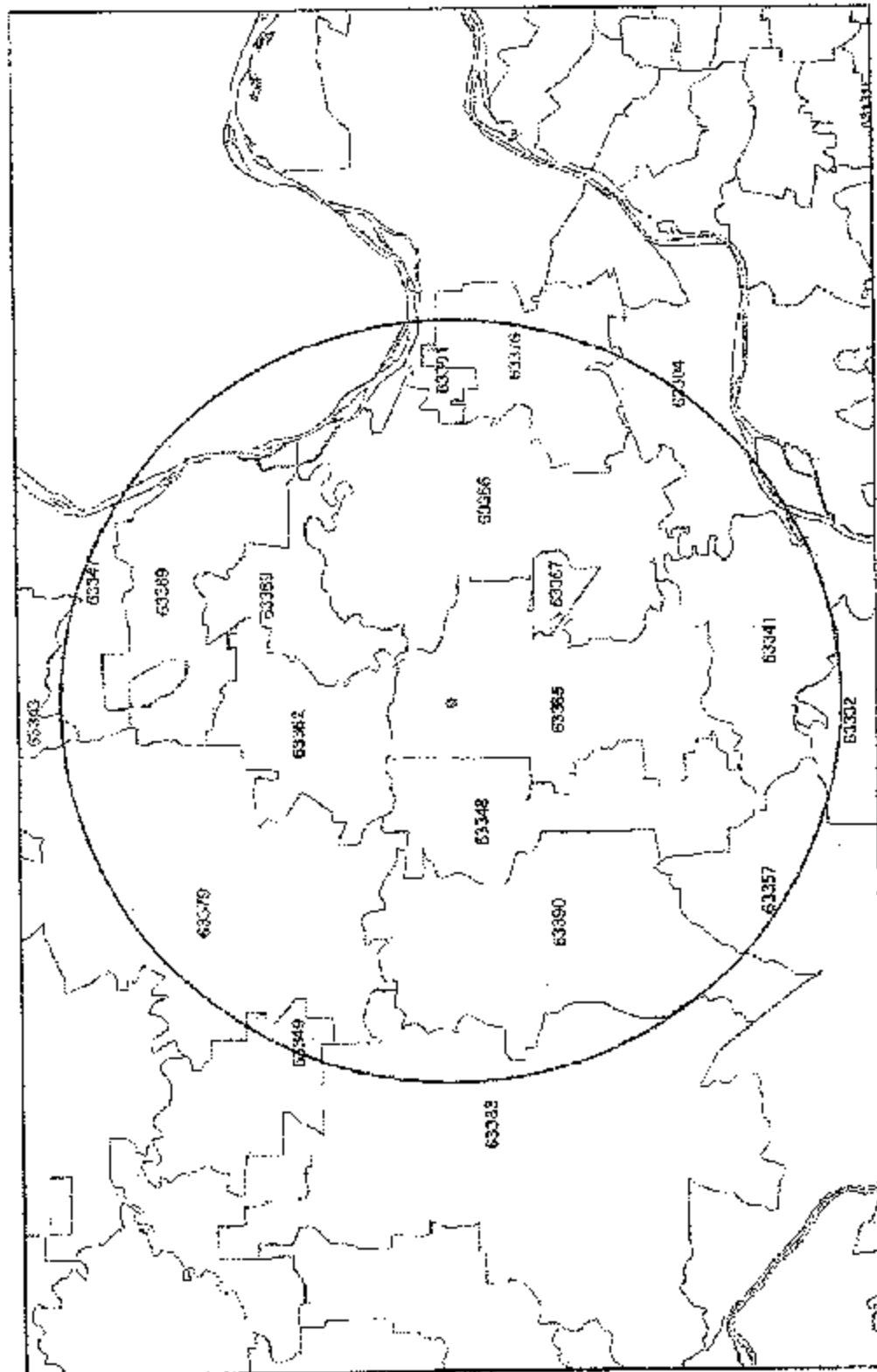
County	Age	Year						
		2000	2005	2010	2015	2020	2025	2030
Warren	0-4	1,607	1,825	2,137	2,472	2,669	2,575	2,557
Warren	5-9	1,778	1,776	1,998	2,280	2,601	2,714	2,667
Warren	10-14	2,023	1,966	1,939	2,131	2,298	2,203	2,199
Warren	15-19	1,724	2,183	2,452	1,986	2,147	2,188	2,671
Warren	20-24	1,263	1,777	2,153	1,981	1,875	2,006	2,213
Warren	25-29	1,276	1,430	2,004	2,376	2,154	2,017	2,143
Warren	30-34	1,530	1,558	1,734	2,389	2,780	2,498	2,324
Warren	35-39	2,116	1,832	1,852	2,006	2,715	3,141	2,804
Warren	40-44	2,358	2,432	2,059	2,450	2,205	1,953	1,968
Warren	45-49	1,73	2,412	2,710	2,276	2,294	2,142	2,118
Warren	50-54	1,485	2,064	2,784	3,64	2,617	2,418	2,555
Warren	55-59	1,376	1,719	2,298	3,113	2,379	2,276	2,039
Warren	60-64	1,219	1,515	1,878	2,468	2,429	1,571	2,929
Warren	65-69	1,031	1,520	1,643	2,009	2,617	1,528	1,780
Warren	70-74	818	1,036	1,339	1,623	1,974	2,571	1,471
Warren	75-79	624	703	887	1,134	1,367	1,662	1,173
Warren	80-84	392	443	499	621	786	963	1,179
Warren	85+	120	144	186	133	529	639	814
Warren	Total	21,595	28,306	31,377	36,410	40,374	41,065	46,241

## Components of Change - Total Over the Previous Five Years

Warren	Births	1,640	1,954	2,216	2,476	2,470	2,470
Warren	Deaths	1,063	1,206	1,355	1,513	1,681	1,876
Warren	Net Migration	577	748	961	999	795	604

## CON 15 Mile Radius

5056R - Highway P  
Flint Hill, Mo 63385



ZIP	County	Tot. Pop	65+
63301	St. Charles	49223	9860
63304	St. Charles	52526	5366
63332	St. Charles	1267	267
63341	St. Charles	4298	479
63343	Lincoln	5824	772
63347	Lincoln	3509	244
63348	St. Charles	5893	731
63349	Lincoln	1765	201
63357	Warren	5400	798
63352	Lincoln	6728	437
63366	St. Charles	83609	8533
63367	St. Charles	10385	1753
63369	Lincoln	2500	255
63376	St. Charles	85485	8313
63379	Lincoln	22406	2144
63383	Warren	13998	2431
63385	St. Charles	19461	2753
63389	Lincoln	6022	594
63390	Warren	8102	1031

ZIP	City	County	Tot. Pop	65+
63379	Cave town	Lincoln	5	0
63368	Chain of Rocks village	Lincoln	122	13
63343	Elsherry city	Lincoln	2472	345
63347	Foley city	Lincoln	183	20
63362	Fountain N'Lakes village	Lincoln	195	21
63349	Hawk Point city	Lincoln	517	64
63383	Innsbrook village	Warren	615	176
63357	Marthasville city	Warren	915	92
63362	Moscow Mills city	Lincoln	2622	152
63379	Moscow Mills city	Lincoln	See Above	See Above
63369	Old Monroe city	Lincoln	287	53
63362	Troy city	Lincoln	10967	1623
63379	Troy city	Lincoln	See Above	See Above
63383	Truesdale city	Warren	570	65
63390	Truesdale city	Warren	See Above	See Above
63383	Warrenton city	Warren	7527	1054
63380	Warrenton city	Warren	See Above	See Above
63389	Winfield city	Lincoln	873	121
63390	Wright City city	Warren	2894	330

2010 City Populations Inside/Outside 15 Mile Radius Service Area						
ZIP CODE	CITY	COUNTY	TOTAL POP	65+ POP	Estimated	Estimated
					85+ Pop within 15 mi radius	85+ Pop outside 15mi radius
63379	Cave Town	Lincoln	6	0		0
63369	Chain of Rocks Village	Lincoln	122	13	13	
63343	Elsberry City	Lincoln	2472	345		345
63347	Foley City	Lincoln	183	20	20	
63362	Fountain N Lakes Village	Lincoln	195	21	21	
63349	Hawk Point City	Lincoln	517	64		64
63383	Innsbrook Village	Warren	615	176	176	
63357	Marthasville City	Warren	915	92		92
63362	Moscow Mills City	Lincoln	2622	152	162	
63379	Moscow Mills City	Lincoln	see above	see above		
63369	Old Monroe city	Lincoln	287	53	53	
63362	Troy City	Lincoln	10967	1623	1623	
63379	Troy City	Lincoln	see above	see above		
63383	Truesdale City	Warren	570	65	65	
63390	Truesdale City	Warren	see above	see above		
63383	Warrenton City	Warren	7527	1054	65% (698)	35% (356)
63390	Warrenton City	Warren	see above	see above		
63389	Winfield City	Lincoln	873	121	121	
63390	Wright City	Warren	2894	330	330	
TOTAL			4,129	3,272		857
Source: DHSS 8/13/09						
excluding estimated columns						



		<b>2010 15-Mile Radius Service Area SNF Bed Need</b>	
		<b>2010</b>	<b>2010</b>
<b>ZIP CODE</b>	<b>COUNTY</b>	<b>65+ Population</b>	<b>65+ Pop% within Zip Code</b>
63301	St. Charles	9680	Estimated %
63304	St. Charles	5386	10%
63332	St. Charles	267	50%
63341	St. Charles	479	10%
63343	Lincoln	772	90%
63347	Lincoln	244	5%
63348	St. Charles	731	86%
63349	Lincoln	201	100%
63357	Warren	790	10%
63362	Lincoln	437	10%
63366	St. Charles	8533	100%
63367	St. Charles	1753	100%
63369	Lincoln	256	100%
63376	St. Charles	8316	80%
63379	Lincoln	2444	70%
63383	Warren	2431	10%
63385	St. Charles	2753	100%
63389	Lincoln	534	100%
63390	Warren	1031	95%
<b>Total</b>		<b>46,946</b>	
		<b>less</b>	
			Population Centers Outside 15 Mile Radius
			-857
			Population Centers INSIDE 15 Mile Radius
		<b>plus</b>	29,238
			3,272
			<b>Adjusted Total</b>
			<b>31,510</b>

# Public Notice

Flint Hill Associates, LLC is proposing to develop a 240 Bed Nursing Facility at 5057 R Hwy P Flint Hill, MO 63385. Send public comments to Rick Watters at 714 Locust Street, St. Louis, MO 63107.

## **DIVIDER III**

### **Service Specific Criteria and Standards**

### **DIVIDER III. SERVICE SPECIFIC CRITERIA AND STANDARDS:**

- 1. FOR ICF/SNF BEDS, ADDRESS THE POPULATION-BASED NEED METHODOLOGY OF FIFTY-THREE (53) BEDS PER ONE THOUSAND (1,000) POPULATION AGE SIXTY-FIVE (65) AND OLDER.**

The Bed Need methodology is stated by the formula:

Unmet need =  $(R \times P) - U$  where

P = Year 2015 65+ population in 15 mile radius

U = Number of existing/approved SNF beds in the Service Area

R = .053

The 2015 65+ population in the 15 mile radius as identified in Divider II, Section 9 is 41,108. The number of existing/approved SNF beds in the 15 mile radius as shown on the attachment to this Divider is 1350.

Applying the formula results in:

Unmet need =  $(.053 \times 41,108) - 1,350$

= 2,179 - 1350

Unmet need = 829

- 2. FOR RCF BEDS, ADDRESS THE POPULATION-BASED NEED METHODOLOGY OF SIXTEEN (16) BEDS PER ONE THOUSAND (1,000) POPULATION AGE SIXTY-FIVE (65) AND OLDER.**

This criterion is not applicable

- 3. DOCUMENT ANY ALTERNATE NEED METHODOLOGY USED TO DETERMINE THE NEED FOR ADDITIONAL BEDS SUCH AS LTCH, ALZHEIMER'S, MENTAL HEALTH OR OTHER SPECIALTY BEDS.**

The need for Alzheimer's and short term rehabilitation SNF beds for hospital discharges have been addressed previously (Divider II, Question 8).

In the Phase II development, it is anticipated that 90 SNF beds will be designed and developed to accommodate the needs of the younger adults, who may require a short or long term care setting. The demand for this type of unit dedicated to the more appropriate and diverse needs of this population continue to grow. Although attached to the Phase I development, this area will offer intentionally segregated accommodations and services, including rehabilitative services for the younger adults.

In the late 1990s, barely 1% of nursing home residents were under the age of 65, and the number now reaches 10%, according to the Dept. of Social and Health Services in Washington.

4. FOR ANY PROPOSED FACILITY WHICH IS DESIGNED AND OPERATED EXCLUSIVELY FOR PERSONS WITH ACQUIRED IMMUNODEFICIENCY SYNDROME (AIDS), PROVIDE INFORMATION TO JUSTIFY THE NEED FOR THE TYPE OF BEDS BEING PROPOSED.

This criterion is not applicable.

**Flint Hill Associates, LLC**  
**15- Mile Radius**  
**Licensed and CON Approved SNFs**

Facility	Address	City	Zip Code	Licensed Beds	CON Approval
Delmar Gardens of O'Fallon	7068 South Outer Rd 364	O'Fallon	63304	120	120
Garden View Care Center	700 Garden Path	O'Fallon	63366	120	
Lake St. Louis Skilled Nursing Assoc.	Gascony Dr. and I-70 Outer Rd	Lake St. Louis	63367		120
St. Charles, LLC	Lake St. Louis & Hawk Ridge	Lake St. Louis	63367		120
Parklane Care Center	401 Mar Lee Dr	Wentzville	63385	240	
Troy Manor	200 Thompson Dr	Troy	63379	130	
Lincoln County	1145 Cherry St	Troy	63379	90	
St. Mary's Inst. Troy Nursing Center	204 N. Main	O'Fallon	63366		50
	200 Thompson Dr	Troy	63379	120	
Warrenton Manor	#65 State Hwy AA	Warrenton	63383	120	
TOTAL				940	410

## **DIVIDER IV**

### **Financial Feasibility Review Criteria & Standards**

#### **DIVIDER IV. FINANCIAL FEASIBILITY REVIEW CRITERIA & STANDARDS:**

- 1. DOCUMENT THAT THE PROPOSED COSTS PER SQUARE FOOT ARE REASONABLE WHEN COMPARED TO THE LATEST "RS MEANS CONSTRUCTION COST DATA".**

The proposed costs per square foot of \$126 are less than the median 2009 RS Means Building Construction Cost Data for new nursing home construction projects throughout the State of Missouri.

- 2. DOCUMENT THAT SUFFICIENT FINANCING IS AVAILABLE BY PROVIDING A LETTER FROM A FINANCIAL INSTITUTION OR AN AUDITORS STATEMENT INDICATING THAT SUFFICIENT FUNDS ARE AVAILABLE.**

A letter from Capmark Finance, Inc. is included in this Divider that addresses this issue.

- 3. PROVIDE SERVICE SPECIFIC REVENUES AND EXPENSES (FORM MO 580-1865) PROJECTED THROUGH THREE (3) YEARS BEYOND PROJECT COMPLETION.**

These numbers are reflected in the forms included in this Divider.

- 4. DOCUMENT HOW PATIENT CHARGES WERE DERIVED.**

All patient charges are comparable to the prevailing rates charged at other skilled nursing facilities within the 15 mile service area, as indicated by a recent telephone survey.

- 5. DOCUMENT RESPONSIVENESS TO THE NEEDS OF THE MEDICALLY INDIGENT.**

The project is designed to meet the needs of the primary and secondary service areas population at a cost that remains affordable.

Adequate reimbursement structures are available through public and private third-party sources and a structured payment plans will be offered. The project will be responsive to the needs of the indigent by accepting Medicaid.







# Certificate of Need Program

## SERVICE-SPECIFIC REVENUES AND EXPENSES

### Historical Financial Data for Latest Three Years plus Projections Through Three Years Beyond Project Completion

Amounts are shown in thousands of dollars unless otherwise indicated. All figures are estimates and should not be used for budgeting purposes.

	Year		
	2012	2013	2014
<b>Amount of Utilization:<sup>1</sup></b>	<b>16,171</b>	<b>30,217</b>	<b>30,217</b>
<b>Revenue:</b>			
Average Charge <sup>2</sup>	\$168	\$173	\$177
Gross Revenue	\$2,821,009	\$5,239,751	\$5,351,767
Revenue Deductions	0	0	0
Operating Revenue	\$2,821,009	\$5,239,751	\$5,351,767
Other Revenue	0	0	0
<b>TOTAL REVENUE</b>	<b>\$2,821,009</b>	<b>\$5,239,751</b>	<b>\$5,351,767</b>
<b>Expenses:</b>			
Direct Expense			
Salaries	\$2,775,175	\$2,775,175	\$2,775,175
Fees	0	0	0
Supplies	\$2,193	\$2,193	\$2,193
Other	\$183,977	\$183,977	\$183,977
<b>TOTAL DIRECT</b>	<b>\$3,041,345</b>	<b>\$3,041,345</b>	<b>\$3,041,345</b>
Indirect Expense			
Depreciation	\$2,650	\$2,650	\$2,650
Interest <sup>3</sup>	\$6,542	\$6,542	\$6,542
Overhead <sup>4</sup>	0	0	0
<b>TOTAL INDIRECT</b>	<b>\$9,192</b>	<b>\$9,192</b>	<b>\$9,192</b>
<b>TOTAL EXPENSE</b>	<b>\$3,150,537</b>	<b>\$3,150,537</b>	<b>\$3,150,537</b>
<b>NET INCOME (LOSS):</b>	<b>-\$329,528</b>	<b>\$1,089,214</b>	<b>\$2,201,230</b>

<sup>1</sup> Utilization will be measured in "patient days" for licensed beds. "Projections" for occupancy or other appropriate units of measure specific to the service offered.

<sup>2</sup> Indicate how the average charge procedure was calculated.

<sup>3</sup> Only on long term debt, not current debt.

<sup>4</sup> Indicate how overhead was calculated.



# Certificate of Need Program

## SERVICE-SPECIFIC REVENUES AND EXPENSES

### Historical Financial Data for Latest Three Years plus Projections Through Three Years Beyond Project Completion

1. For each applicable year, the applicant must submit a signed statement, by the project sponsor, certifying that the information is true and correct.

	Year		
	2015	2016	2017
<b>Amount of Utilization:<sup>1</sup></b>	<b>68,711</b>	<b>68,717</b>	<b>68,717</b>
<b>Revenue:</b>			
Average Charge <sup>2</sup>	\$183	\$187	\$190
Gross Revenue	\$12,522,996	\$12,874,130	\$13,234,894
Revenue Deductions	0	0	0
Operating Revenue	<u>\$12,522,996</u>	<u>\$12,874,130</u>	<u>\$13,234,894</u>
Other Revenue	0	0	0
<b>TOTAL REVENUE</b>	<b><u>\$12,522,996</u></b>	<b><u>\$12,874,130</u></b>	<b><u>\$13,234,894</u></b>
<b>Expenses:</b>			
<b>Direct Expense</b>			
Salaries	\$3,008,000	\$3,009,764	\$3,123,410
Fees	25,425	26,312	26,790
Supplies	225,712	221,800	226,440
Other	6,815,367	6,970,518	7,169,652
<b>TOTAL DIRECT</b>	<b><u>\$10,519,195</u></b>	<b><u>\$10,834,677</u></b>	<b><u>\$11,159,630</u></b>
<b>Indirect Expense</b>			
Depreciation	\$10,000	\$10,000	\$10,000
Interest <sup>3</sup>	\$16,448	\$16,547	\$16,549
Overhead <sup>4</sup>	0	0	0
<b>TOTAL INDIRECT</b>	<b><u>\$1,26,535</u></b>	<b><u>\$1,471,417</u></b>	<b><u>\$1,316,519</u></b>
<b>TOTAL EXPENSE</b>	<b><u>\$11,945,732</u></b>	<b><u>\$12,246,224</u></b>	<b><u>\$12,575,959</u></b>
<b>NET INCOME (LOSS):</b>	<b><u>\$577,253</u></b>	<b><u>\$617,906</u></b>	<b><u>\$658,935</u></b>

<sup>1</sup> Utilization will be measured in "patient days" for licensed beds, "procedures" for equipment, or other appropriate units of measure specific to the service affected.

<sup>2</sup> Indicate how the average charge/procedure was calculated.

<sup>3</sup> Only on long term debt, not construction.

<sup>4</sup> Indicate how overhead was calculated.

## **Flint Hill Associates, LLC**

### **Flint Hill Care and Rehabilitation Center**

#### **ASSUMPTIONS AND NOTES TO FORECASTED FINANCIAL INFORMATION**

**YEARS ENDING DECEMBER 31, 2012 THROUGH 2017**

##### **BASIS**

The accompanying forecasted Certificate of Need application forms MO 580-1865 for 2012 through 2015 present to the best of operations management's knowledge and belief, the Facility's expected results of operations for the forecast period, assuming the Certificate of Need is granted. The date of this forecast is September 1, 2009

##### **ORGANIZATION**

Flint Hill Associates, LLC proposes to construct a new 240 -bed Skilled Nursing Facility, the Flint Hill Care and Rehabilitation Center in Flint Hill, Missouri. This forecast only reflects the expected results for the operation of this facility.

Phase I of the development contains 150-beds and is forecasted to open March 1, 2012. Phase II of the development contains 90-beds and is forecasted to open March 1, 2014. The new Facility is forecasted to be Medicare and Medicaid certified. The project will be funded by a HUD 221 (D4) construction loan. The forecast assumes that 90% of the total project cost will be funded through Capmark Finance FHA Group and 10% will come from owners loaning funds to the limited liability corporation.

##### **Depreciation**

Property and equipment are stated at forecasted cost. Forecasted provisions for depreciation were computed using a straight-line method over the useful lives of the assets.

##### **Long Term Debt**

Management intends to finance the construction of the new Facility with a HUD 221 (D4) construction loan in the amount of \$17,098,425 and a loan of \$1,899,815 from the corporate stockholders. The notes are forecasted to mature February 28, 2052.

##### **Occupancy**

It is forecasted that the new Facility will fill up evenly over a nine month period until a 95% occupancy is reached.

The forecasted occupancy is as follows:

Year Ended December 31	Occupancy Percentage	# Beds
2012	65	150
2013	95	150
2014	95	240

#### Patient Mix

The forecasted mix of patients is as follows:

Medicare	10%
Medicaid	65%
Private-pay	25%

#### Room Rates

The forecasted charges per patient day are as follows:

	<u>Medicare</u>	<u>Medicaid</u>	<u>Private</u>
2012	\$350.00	\$130.00	\$195.00
2013	\$360.50	\$133.00	\$203.00
2014	\$371.32	\$135.00	\$211.00
2015	\$382.46	\$138.00	\$219.00

Currently, the prospective per diem Medicaid rate is approximately \$130.00. The future rate will be determined by the cost report covering the second twelve month fiscal year following the Facility's initial date of Medicaid certification. The forecasted Medicaid rate for the new Facility, effective March 1, 2012 is \$130.00 and will increase annually by 2%.

The Medicare rate is forecasted to increase 3% per year and the private-pay rate is forecasted to increase 4% annually.

#### Salaries, Wages and Employee Expenses

Salaries and wages are based on pay rates that currently prevail in existing Skilled Nursing Facilities in the area, and increase 3% annually for inflation.

#### Other Operating Expenses

Other operating expenses are based on an analysis of estimated unit costs and workload provided by management. All other operating expenses are forecasted to increase 3% annually due to inflation.

### **Interest Expense**

Interest expense has been computed on the long term debt described in the previous section on long term debt.

PURPOSE/REMITTER: FLINT HILL ASSOCIATES LLC



CASHIER'S CHECK

No. 8751501625

93-38  
929

DATE: SEPTEMBER 03, 2009

PAY

EIGHTEEN THOUSAND NINE HUNDRED NINETY NINE DOLLARS AND 00 CENTS

\$ 18,999.00

TO THE  
ORDER OF: MHFRC

Location: 8751 GRAVOIS PLAZA

U.S. Bank National Association  
Minneapolis, MN 55480

NON NEGOTIABLE

AUTHORIZED SIGNATURE

⑈8751501625⑈ ⑈573253004675140032140062⑈

PURPOSE/REMITTER: FLINT HILL ASSOCIATES LLC



CASHIER'S CHECK

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NON NEGOTIABLE

AUTHORIZED SIGNATURE

THIS DOCUMENT HAS AN OPTICAL WATERMARK PRINTED ON THE BACK. THE FRONT OF THE DOCUMENT HAS MICROPRINTED LETTERS. SPACES OF THREE GRAYSCALE UNITS (MINIMUM) ARE



CASHIER'S CHECK

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93-38  
929

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Minneapolis, MN 55480

AUTHORIZED SIGNATURE

⑈8751501625⑈ ⑈0924003831150080235248⑈



L. A. S. H. L. Y. & B. A. E. R., P. C.

September 4, 2009

RICHARD D. WATTERS  
(314) 436-8350  
rdwatters@lashlybaer.com  
Licensed in Missouri and Illinois

**VIA EMAIL**

Mr. Tom Piper  
Director  
CN Program  
3418 Knipp Drive, Suite F  
P.O. Box 570  
Jefferson City, MO 65102

**Re: Flint Hill Care and Rehabilitation Center; Project #4416 NS**

Dear Tom:

Attached please find a corrected Letter of Intent showing the correct address of the Flint Hill project to be: 5051 R Highway P, Flint Hill, Missouri 63385. The address in the original Letter of Intent 5056 was a typo. The Letter of Intent and the application are for the same parcel. I have confirmed there is no legal address for 5056. If there were such an address, it would be on the same parcel because this is such a large parcel. If you have any further questions, please do not hesitate to contact me.

Very truly yours,

Richard D. Watters

RDW/dk

Enclosure

*Attorneys at Law*

714 Locust Street Saint Louis, Missouri 63101-1699 Telephone 314.621.2939  
20 East Main Street Belleville, Illinois 62220-1602 Telephone 618.233.5587  
Fax 314.621.6844 [www.lashlybaer.com](http://www.lashlybaer.com)







## Certificate of Need Program

CORRECTED  
LETTER OF INTENT**1. Project Information**

(attach additional pages as necessary to identify multiple project sites.)

Title of Proposed Project

Flint Hill Care and Rehabilitation Center

County

St. Charles

Project Address (Street/City/State/Zip Code or plot map, if no address)

5051 R Highway P, Flint Hill, MO 63385

**2. Applicant Identification**

(attach additional pages as necessary to list all owners and operators)

**List All Owner(s):** (list corporate entity)

Address (Street/City/State/Zip Code)

Telephone Number

Flint Hill Associates, LLC

7733 Forsyth Blvd., 4th Floor, St. Louis, MO 63105

(314) 726-6868

**List All Operator(s):** (list entity to be licensed or certified)

Address (Street/City/State/Zip Code)

Telephone Number

Flint Hill Care Center, LLC

7733 Forsyth Blvd., 4th Floor, St. Louis, MO 63105

(314) 726-6868

**3. Type of Review****Full Review:**

- ☐ New Hospital
- ☒ New/Add LTC Beds
- ☐ New/Add LTCH Beds/eqpt
- ☐ New/Additional Equipment
- ☐ Replacement Equipment not previously approved

**Expedited Review:**

- ☐ 6-mile RCF/ALF Replacement
- ☐ 15-mile LTC Replacement
- ☐ 30-mile LTC Replacement
- ☐ LTC Bed Expansion
- ☐ LTC Renov./Modernization
- ☐ Equipment Replacement

**Non-Applicability Review:**

- ☐ (See 7. Applicability next page)

**4. Project Description**

(information should be brief but sufficient to understand scope of project)

Project description to include the number of long-term care beds to be added, deleted or replaced, square footage of new construction and/or renovation, services affected, and major medical equipment to be acquired or replaced. If applying for a non-applicability review, also complete the next page of this form.

The proposed SNF project will consist of the new construction of 240 LTC Beds to be built in two phases. The first phase will contain 150 SNF Beds within 62,500 sq. ft. and the second phase will contain 90 beds within 37,800 sq. ft. Phase II construction is anticipated to begin within one year of the first phase of completion or upon it reaching a 70% occupancy level.

The proposed SNF will be certified for participation in both the Medicare and Medicaid programs. Phase I will contain dedicated units for those individuals with Alzheimer's disease and other forms of dementia and memory loss, as well as a unit dedicated to those persons requiring a short term Medicare or other stay for skilled nursing services and rehabilitation services immediately following their discharge from an acute care hospital. It is anticipated that the Phase II construction will address the needs of the physically and mentally challenged population of younger adults in both a short and long term setting.

**Legend:** LTC = Long-Term Care; LTCH = Long-Term Care Hospital; RCF/ALF = Residential Care and Assisted Living Facility

**5. Estimated Project Cost:**

\$ 18,998,250

**6. Authorized Contact Person Identification**

(only one per project, regardless of number of owners/operators)

Name of Contact Person

Richard D. Watters

Title

Attorney

Contact Person Address (Company/Street/City/State/Zip Code)

Lashly &amp; Baer, P.C., 714 Locust Street, St. Louis, MO 63101

Telephone Number

(314) 621-2939

Fax Number

(314) 621-6844

E-mail Address

rdwatters@lashlybaer.com

Signature of Contact Person

Date of Signature

(8/10/09 original date)